BEFORE THE ARIZONA POWER PLANT AND

TRANSMISSION LINE SITING COMMITTEE



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OF ARIZONA PUBLIC SERVICE

FOR A CERTIFICATE OF

SUBSTATION AND 345KV

COMPANY, IN CONFORMANCE WITH

THE REQUIREMENTS OF ARIZONA REVISED STATUTES §§ 40-360, et seq.,

ENVIRONMENTAL COMPATIBILITY

INCLUDES THE CONSTRUCTION OF

TWO 345KV TRANSMISSION LINES

SECTION 4, TOWNSHIP 8 NORTH, RANGE 10 EAST, G&SRB&M,

THE EXISTING FOUR CORNERS-

ROAD 379, WITHIN THE TONTO

CHOLLA-PINNACLE PEAK 345KV TRANSMISSION LINES AND FOREST

INTERCONNECTION PROJECT, WHICH

AND A NEW 345/69/21KV SUBSTATION,

ADJACENT TO THE INTERSECTION OF

NATIONAL FOREST IN GILA COUNTY,

AUTHORIZING THE MAZATZAL

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IN THE MATTER OF THE APPLICATION)

Docket No. L-00000D-11-0068-00160

Case No. 160

Arizona Corporation Commission DOCKETED

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CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY

Pursuant to notice given as provided by law, the Arizona Power Plant and Transmission Line Siting Committee (the "Committee") held public hearings on March 22, 2011, in Scottsdale, Arizona, all in conformance with the requirements of Arizona Revised Statutes ("A.R.S.") §§ 40-360, et seq., for the purpose of receiving evidence and deliberating on the Application of Arizona Public Service Company ("Applicant") for a Certificate of Environmental Compatibility ("CEC") in the abovecaptioned case (the "Project").

The following members and designees of members of the Committee were present at one or more of the hearings for the evidentiary presentations and/or for the deliberations:

1	John Foreman	Chairman, Designee for Arizona Attorney General Tom Horne
2	Bret Parke	Designee for Director, Arizona Department of
3		Environmental Quality
4	Jack Haenichen	Designee for Director, Energy Department,
5		Arizona Department of Commerce (or its successor organization)
6	David L. Eberhart	Designee of the Chairman, Arizona Corporation
7	Bavia B. Boomar	Commission
8	Patricia A. Noland	Appointed Member
9	F. Ann Rodriguez	Appointed Member
10	Michael Palmer	Appointed Member
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12	Paul Walker	Appointed Member

Applicant was represented by Albert H. Acken of Lewis & Roca LLP and Linda J. Arnold of Arizona Public Service Company. At the conclusion of the hearing, the Committee, after considering the Application, the evidence, testimony and exhibits presented at the hearing, and being advised of the legal requirements of A.R.S. §§ 40-360 to 40-360.13, and upon motion duly made and seconded, voted 8 to 0 to grant the Applicant this CEC for construction of the Project.

The Project as approved consists of a new 345/69/21kV substation and two new 345kV transmission lines that will interconnect with the existing eastern Cholla to Pinnacle Peak 345kV transmission line. Construction of the Project will include structure modifications for the existing 345kV transmission structures in the corridor, including adding turning structures to the eastern line and a taller structure to the western line allowing the interconnection to cross underneath. Construction of the Project will require improvements to the existing forest roads.

The 345/69/21kV substation site will be approximately 2,080 feet long by an average of 420 feet wide, and will occupy approximately 20.1 acres of the Project site. The two 345kV transmission lines will interconnect in and out of the new substation.

The first 345kV transmission line interconnection will originate from the easternmost existing 345kV transmission line of the two existing 345kV transmission lines in the corridor, and proceed to the new substation, located approximately 600 feet to the west. The second 345kV transmission line interconnection will proceed from the new substation, approximately 600 feet east to the new lattice structure on the existing easternmost 345kV transmission line of the two existing 345kV transmission lines in the corridor. The Project will be constructed with lattice structures for the 345kV lines.

The Project will be located on the east side of State Route 87, north of Arizona 188, and is entirely located on land administered by the United States Forest Service, Tonto National Forest. The Project is located in the southeast quarter of Section 4 and the southwest quarter of Section 3 in Township 8 North, Range 10 East, adjacent to the intersection of the existing Four Corners-Cholla-Pinnacle Peak 345kV transmission lines and forest road 379, within the Tonto National Forest in Gila County, Arizona. The interconnection lines will be within a 400 foot wide right-of-way. A map of the general location of the Project is set forth in Exhibit A, attached hereto.

CONDITIONS

This CEC is granted upon the following conditions:

- 1. Any transfer or assignment of this CEC shall require the assignee or successor to assume all responsibilities of the Applicant listed in this CEC and its conditions in writing as required by A.R.S. § 40-360.08(A) and R14-3-213(F) of the Arizona Administrative Code.
- 2. During the construction of the Project, Applicant shall comply with all applicable statutes, ordinances, master plans and regulations of the United States, the State of Arizona, and any other governmental entities having jurisdiction, and their agencies or subdivisions, including but not limited to the following:
 - 2.1. all applicable land use regulations;

- 2.2. all applicable zoning stipulations and conditions, including but not limited to landscaping and dust control requirements:
- 2.3. all applicable water use, discharge, and/or disposal requirements of the Arizona Department of Water Resources (the "ADWR") and the Arizona Department of Environmental Quality (the "ADEQ");
- 2.4. all applicable noise control standards; and
- 2.5. all applicable regulations governing storage and handling of hazardous chemicals and petroleum products.
- 3. Applicant shall obtain all approvals and permits required by the United States, the State of Arizona and any other governmental entities having jurisdiction necessary to construct the Project.
- 4. If any archaeological site, paleontological site, historical site or an object that is at least fifty years old is discovered on state, county or municipal land during construction of the Project, Applicant or its representative in charge shall promptly report the discovery to the Director of the Arizona State Museum, and in consultation with the Director, shall immediately take all reasonable steps to secure and maintain the preservation of the discovery as required by A.R.S. § 41-844.
- 5. If human remains and/or funerary objects are encountered on private land during the course of any ground-disturbing activities relating to the construction of the Project, Applicant shall cease work on the affected area of the Project and notify the Director of the Arizona State Museum as required by A.R.S. § 41-865.
- 6. Applicant shall comply with the notice and salvage requirements of the Arizona Native Plant Law (A.R.S. §§ 3-901, et seq.) and shall, to the extent feasible, minimize the destruction of native plants during Project construction.

- 7. This authorization to construct this Project shall expire in five years from the date the CEC is approved by the Arizona Corporation Commission (the "Commission"). However, prior to expiration, Applicant may request that the Commission extend this time limitation.
- 8. In the event that the Project requires an extension of the term of this CEC prior to completion of construction, Applicant shall use reasonable means to notify all landowners and residents within one mile of the Project corridor, all persons who made public comment at this proceeding, and all parties to this proceeding of the request and the date, time and place of the hearing in which the Commission will consider the request for extension.
- 9. Applicant shall make every reasonable effort to identify and correct, on a case-specific basis, all complaints of interference with radio or television signals from operation of the transmission lines and related facilities addressed in this CEC. Applicant shall maintain written records for a period of five years of all complaints of radio or television interference attributable to operation, together with the corrective action taken in response to each complaint. All complaints shall be recorded to include notations on the corrective action taken. Complaints not leading to a specific action or for which there was no resolution shall be noted and explained. Upon request, the written records shall be provided to Staff of the Commission.
- 10. Within 120 days of the Commission decision granting this CEC, Applicant shall post signs in public rights-of-way giving notice of the Project corridor to the extent authorized by law. Applicant shall place signs in prominent locations at reasonable intervals such that the public is notified along the full length of the transmission line until the transmission structures are constructed. To the extent practicable, within 45 days of securing easement or right-of-way for the Project, Applicant shall erect

and maintain signs providing public notice that the property is the site of a future transmission line. Such signage shall be no smaller than a normal roadway sign. The signs shall advise:

- 10.1. that the site has been approved for the construction of Project facilities;
- 10.2. the expected date of completion of the Project facilities;
- 10.3. a phone number for public information regarding the Project;
- 10.4. the name of the Project;
- 10.5. the name of Applicant; and
- 10.6. the website of the Project.
- 11. Applicant, or its assignee(s), shall design the transmission line to incorporate reasonable measures to minimize impacts to raptors.
- 12. Applicant, or its assignee(s), shall use non-specular conductors and non-reflective surfaces for transmission line structures.
- 13. Before construction on this Project may commence, Applicant shall file the plan of development referred to as the "Site Development Schedule and Site Plan" required by the Tonto National Forest prior to issuance of the Special Use Permit, hereinafter referred to as the "Plan," with the Commission Docket Control. Where practicable, the Plan shall specify that Applicant shall use existing roads for construction and access, minimize impacts to wildlife, minimize vegetation disturbance outside of the Project right-of-way, particularly in drainage channels and along stream banks, and shall re-vegetate, unless waived by the landowner, native areas of construction disturbance to its preconstruction state outside of the power line right-of-way after construction has been completed. The Plan shall specify Applicant's plans for coordination with Arizona Game and Fish Department ("AGFD") and the Arizona State Historic Preservation Office (the "SHPO"). Applicant shall protect against

- invasive species and noxious weeds by adhering to the measures presented in the Plan.
- 14. With respect to the Project, Applicant shall participate in good faith in state and regional transmission study forums to coordinate transmission expansion plans related to the Project and to resolve transmission constraints in a timely manner.
- 15. Applicant shall provide copies of this CEC to the Gila County Department of Community Development, the Arizona Department of Transportation, the SHPO, and AGFD.
- 16. Before construction commences on this Project, Applicant shall provide known homebuilders and developers who are building upon or developing land within one mile of the center line of the certificated route of the transmission line, and a written description of the Project. The written description shall identify the location of the Project and contain a pictorial depiction of the type of transmission line being constructed. Applicant shall also encourage the developers and homebuilders to include this information in the developers' and homebuilders' homeowners' disclosure statements.
- 17. Applicant will follow the most current Western Electricity Coordinating Council/North American Electric Reliability Corporation planning standards, as approved by the Federal Energy Regulatory Commission, and National Electrical Safety Code construction standards.
- 18. Applicant shall submit a compliance-certification letter annually, identifying progress made with respect to each condition contained in the CEC, including which conditions have been met. Each letter shall be submitted to the Commission Docket Control commencing on December 1, 2011. Attached to each certification letter shall be documentation explaining how compliance with each condition was

achieved. Copies of each letter, along with the corresponding documentation, shall be submitted to the Arizona Attorney General and Department of Commerce Energy Office (or its successor organization). The requirement for the compliance-certification shall expire on the date the Project is placed into operation.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This CEC incorporates the following findings of fact and conclusions of law:

- 1. The Project aids the state in meeting the need for an adequate, economical and reliable supply of electric power.
- 2. The conditions placed on the Project in the CEC by the Committee effectively minimize the impact of the Project on the environment and ecology of the state.
- 3. The Project is in the public interest because the Project's contribution to meeting the need for an adequate, economical and reliable supply of electric power outweighs the minimized impact of the Project on the environment and ecology of the state.

DATED this 29th day of March, 2011.

THE ARIZONA POWER PLANT AND TRANSMISSION LINE SITING COMMITTEE

Hon. John Foreman, Chairman

EXHIBIT A

General Location Map of the Project

